


FRENCH PETROLEUM COMPANY  
OF CANADA LTD.



Annual Report  
1967



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# FRENCH PETROLEUM COMPANY OF CANADA LTD.

## DIRECTORS

H. J. CHAMPIN ..... Paris, France  
F. C. COPE ..... Montreal, Quebec  
J. D'EYSSAUTIER ..... Paris, France  
W. T. HAMILTON ..... Calgary, Alberta  
J. J. SAUCIER ..... Calgary, Alberta  
D. L. TORREY ..... Montreal, Quebec  
H. VAUTRIN ..... Paris, France

## OFFICERS

H. VAUTRIN ..... *Chairman of the Board*  
W. T. HAMILTON ..... *President*  
H. J. CHAMPIN ..... *Vice-President*  
J. H. LAHERRERE ..... *Vice-President, Exploration*  
S. B. LAING ..... *Treasurer*  
W. G. TUCKER ..... *Secretary*

## HEAD OFFICE

635 SIXTH AVENUE S.W., CALGARY, ALBERTA, CANADA

## REGISTRARS

THE ROYAL TRUST COMPANY  
Toronto                      Montreal  
Calgary

## TRANSFER AGENTS

MONTREAL TRUST COMPANY  
Toronto                      Montreal  
Calgary

## EXCHANGE LISTINGS

TORONTO STOCK EXCHANGE  
MONTREAL STOCK EXCHANGE

## AUDITORS

PRICE WATERHOUSE & CO.





# Ten Year

# STATISTICAL REVIEW

## OPERATIONS

	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958
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Proven Oil Reserves (bbls.)	34,094,411	33,104,751	30,088,489	24,309,501	23,122,022	20,235,993	17,130,968	17,788,945	15,978,015	12,573,880
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Probable Oil Reserves (bbls.)	10,555,002	10,402,814	9,922,122	12,900,740	11,801,123	10,073,100	12,916,125	7,581,710	6,385,067	6,108,920
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Oil and Condensate Production (bbls./year)	1,114,339	1,008,652	988,907	999,736	1,046,494	875,955	722,583	565,418	469,571	272,885
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Natural Gas Sales (Mcf/year)	2,041,339	1,958,150	2,037,366	1,750,444	326,978	—	—	—	—	—
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Gross Land Holdings (acres)	8,957,427	5,524,324	3,915,662	6,334,685	5,860,210	5,439,535	4,584,975	5,272,013	5,248,768	2,229,412
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Net Land Holdings (acres)	2,956,728	2,340,990	2,491,711	4,165,070	3,104,070	2,312,815	1,556,110	1,533,641	1,653,802	1,244,553
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## FINANCIAL

Revenue from Production (\$) (after royalty and production costs)	2,420,118	2,149,004	2,088,739	2,064,022	2,012,436	1,669,357	1,316,986	993,485	860,632	533,843
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Total Income All Sources (\$) (after royalty and production costs)	2,430,997	2,159,437	2,107,504	2,079,687	2,031,824	1,696,262	1,359,544	1,090,425	1,127,392	977,825
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# FRENCH PETROLEUM COMPANY OF CANADA LTD.

## To the Shareholders:

Your Directors are pleased to present this eleventh annual report reviewing the operations and financial position of your Company for the fiscal year ended December 31, 1967.

The past year has seen French Petroleum significantly enlarge its exploration staff and embark upon an accelerated land acquisition and exploration effort. The year was further highlighted by the acquisition of Camerina Oil & Gas Ltd. as a wholly-owned subsidiary. The steady rate of growth experienced by your Company over past years continued during 1967 with moderate gains being achieved in production and reserves, as indicated by the statistical review on the opposite page.

Your Company's production of crude oil during 1967 (including condensate and natural gas expressed as equivalent barrels) averaged 3,332 barrels per day for a total of 1,216,406 barrels, an increase of 10% over the previous year. After making due allowance for the year's production of 1,114,339 barrels of oil and condensate and 2,041,339 Mcf of gas, the Company's estimated remaining crude oil reserves (proven and additional probable) at year end totalled 44,649,413 million barrels while estimated remaining proven and additional probable gas reserves amounted to 120.7 billion cubic feet. Both totals represent increases over comparative reserve estimates at the end of 1966.

The Company's gross income from all sources during the year totalled \$2,713,691 after payment of royalties, representing an increase of 11% over the equivalent figure for 1966. Cash generated from operations during 1967 amounted to \$1,877,211 compared with \$1,739,694 for the preceding year. Increased expenditures resulting from expanded exploratory operations were reflected by a decrease in net profit for 1967 as

compared to the previous year. Allowances for depletion, depreciation and other non-cash charges, which in 1967 totalled \$1,218,812 compared with \$884,263 for 1966, resulted in a net profit for the year of \$658,399 as compared to a net profit of \$855,431 for 1966.

All figures herein and in the accompanying report relating to production, reserves, land, and income include those of the Company's wholly-owned subsidiary, Camerina Oil & Gas Ltd., from the effective date of acquisition on September 1, 1967.

In addition to extensive geophysical work carried out in evaluation of its properties during the year, your Company drilled or participated in the drilling of a total of eleven exploratory wells which resulted in one marginal oil discovery, four gas discoveries of which three have proven to be commercial and one non-commercial, five dry holes and one well still drilling at year end. The oil discovery well, in which French Petroleum has a 50% interest, is located in the Elswick area of Saskatchewan. Of the three successful gas wells, two were dual-zone discoveries located in the Zama area of Alberta and the Kobes area of British Columbia, while the third gas discovery well was located in the Lombell (Greencourt) region of northwest Alberta.

A successful gas development well was drilled as a follow-up to the previously-mentioned dual-zone gas discovery at Kobes, British Columbia. Your Company has an interest of 25% in each of these wells. Other development operations in which the Company participated during the year included the drilling of three oil wells in the Peejay Unit No. 1 and two additional oil wells in the Oungre area of Saskatchewan in which your Company has an overriding royalty interest.

The Company's gross land holdings increased substantially during 1967 with the addition of several large exploratory permits located in the Northwest Territories and Hudson Bay regions. However, total net holdings remained relatively more constant, amounting to 2,956,728 acres at year end as compared to 2,340,990 acres at the end of 1966.

The receipt of funds totalling \$9,277,845 obtained through a very successful rights offering made to the shareholders during the latter part of 1967 enabled your Company to end the year in a strong financial position with working capital amounting to \$2,914,586.

At a meeting held on March 7, 1968, your Board of Directors regretfully accepted resignations tendered by Messrs. Roger van den Perre, Jacques Benezit and Frederic Berbigier due to the pressure of other business interests and by Mr. Henri de Cizancourt who has retired from active business. Your President and Directors acknowledge with appreciation the contribution of these former directors, each of whom has served continuously for more than ten years on

the Board of your Company. At the same meeting, Mr. Henri Vautrin, a senior official of Compagnie Francaise des Petroles, Paris, France, who is responsible for the world-wide exploration activities of that Company, was elected a Director and Chairman of the Board of French Petroleum to fill the vacancy created by the resignation of Mr. van den Perre. As a result, the number of members on the Board of Directors of your Company has been reduced from ten to seven and the shareholders will be asked to sanction a by-law to this effect at a Special General Meeting to be held immediately prior to the forthcoming Annual General Meeting of Shareholders.

Your Directors wish to express their appreciation to the employees and the shareholders of the Company for their continued co-operation and support during the past year.

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "W. J. Hamilton". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

*President.*

March 25, 1968.



# GENERAL REVIEW OF OPERATIONS

## Exploration and Development

Geophysical work formed an important part of your Company's exploratory operations during 1967. Areas in which the Company conducted or participated in seismic surveys during the year include Zama, Bison Lake, Chinchaga, Wood - Buffalo, Dixonville, Liege River and Negus Creek in Alberta and the Maxhamish Lake, Kilkerran, Aikman and Kobes regions of British Columbia. This geophysical work was followed by the drilling of exploratory wells in several of these areas during the year with others scheduled to be drilled during the remaining portion of the 1967-68 winter drilling season.

Your Company drilled or participated in the drilling of a total of eleven exploratory wells during the past year. This program resulted in one marginal oil discovery, four gas discoveries of which three proved commercial and one non-commercial, five dry holes and one well still drilling at year end in the Negus Creek area of Alberta. The successful exploratory wells were located in the following areas:

**North Zama, Alberta:** an exploratory well drilled in this area during the early part of 1967 encountered natural gas in two formations and now stands as a suspended potential dual-zone gas well. Your Company has a 20% interest in this well.

**Lombell (Greencourt), Alberta:** one successful exploratory gas well, in which French Petroleum has an interest of 16.25%, was drilled in this area in mid 1967.

**Kobes, British Columbia:** a dual-zone gas discovery well was drilled in this area during the early part of the year and a successful follow-up well drilled later in the year also proved to be a dual-zone producer. Your Company has an interest of 25% in both wells.

**Elswick, Saskatchewan:** an exploratory well drilled in this area lying southeast of Weyburn was completed as a marginal producing oil well. Your Company has a 50% interest in this well.

A well drilled in the Tooga area of British Columbia encountered natural gas which upon subsequent testing was deemed insufficient to warrant completion for commercial purposes.

Three oil development wells were drilled during the year by the operator of the Peejay Unit No. 1 in which French Petroleum has a minor working interest. In addition, your Company supported the drilling of two oil development wells in the Oungre area of Saskatchewan by contributing acreage and retaining an overriding royalty interest.

## Land

During the past year your Company continued an active program of land acquisition and evaluation which has resulted in a strengthening of its net land position. Land acquisitions which were made during the year include a 25% interest in 665,600 acres situated in the Wood-Buffalo area of north central Alberta and a 50% interest in 267,710 acres located in the Maxhamish area of northeast British Columbia.

As shown in the following geographical summary of land holdings, French Petroleum held interests in a total of 8,957,427 gross acres representing 2,956,728 net acres as at December 31, 1967. The net acreage total represents an increase of 615,738 acres over the comparative total at the end of the previous year.

**FRENCH PETROLEUM COMPANY OF CANADA LTD.**  
**TOTAL LAND HOLDINGS AT DECEMBER 31, 1967**

	<i>Petroleum and Natural Gas Leases</i>		<i>Reservations, Permits and Licences</i>		<i>TOTAL</i>	
	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>	<i>Gross</i>	<i>Net</i>
Alberta .....	604,597	300,926	1,520,456	776,228	2,125,053	1,077,154
Saskatchewan .....	24,685	8,413	2,240	1,120	26,925	9,533
British Columbia .....	162,111	68,088	469,496	309,165	631,607	377,253
Northwest Territories .....	—	—	623,653	405,594	623,653	405,594
Yukon .....	—	—	449,624	449,624	449,624	449,624
Manitoba* .....	—	—	1,538,162	192,270	1,538,162	192,270
Ontario* .....	—	—	986,560	123,320	986,560	123,320
Federal** .....	—	—	2,575,843	321,980	2,575,843	321,980
	<u>791,393</u>	<u>377,427</u>	<u>8,166,034</u>	<u>2,579,301</u>	<u>8,957,427</u>	<u>2,956,728</u>

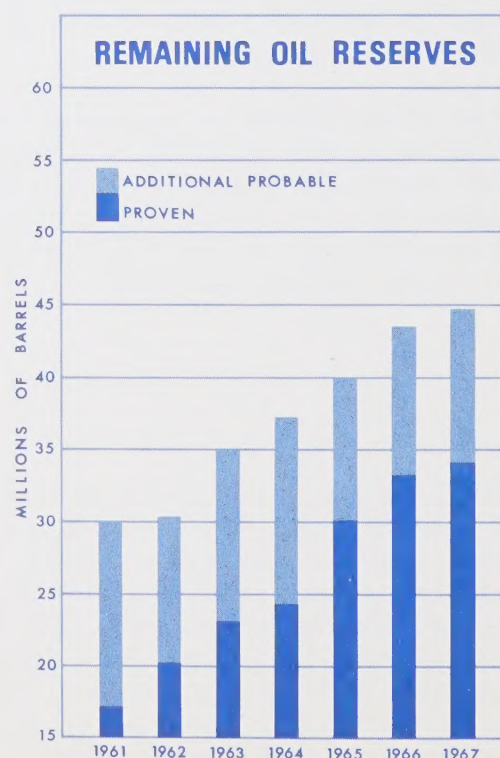
\*Hudson Bay Area — Onshore

\*\*Hudson Bay Area — Offshore

## Reserves

After making allowance for the sale during 1967 of the Company's interest in the Cross-field Cardium Unit No. 1 as well as for the year's production of 1,114,339 barrels, your Company's proven oil reserves remaining at the end of 1967 were estimated to be 34,094,411 barrels with estimated additional probable reserves bringing the total to 44,649,413 barrels. This represents a combined net increase of 1,141,848 barrels over the corresponding total of proven and probable oil reserves estimated at the end of the preceding year.

The Company's total proven developed gas reserves at year end were estimated at 96.98 billion cubic feet with estimated additional probable gas reserves amounting to 23.74 billion cubic feet.

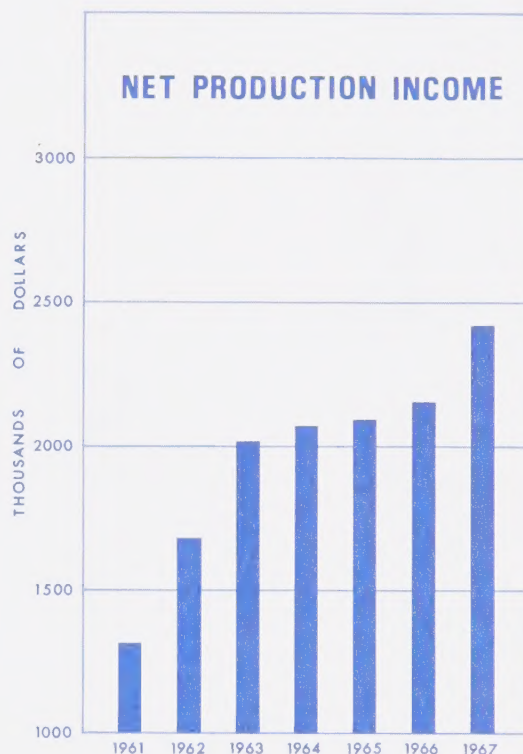
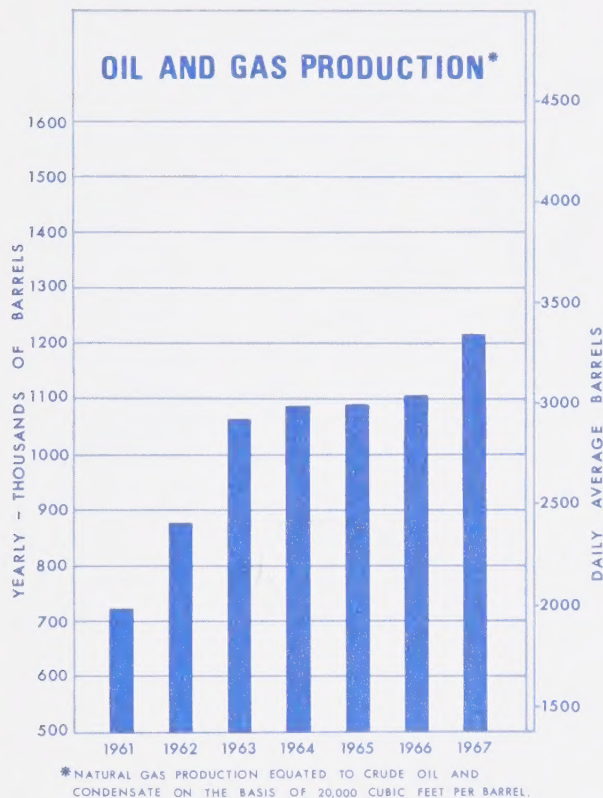




## Production

Your Company's oil and gas production totals for the year 1967 were both slightly higher than those of the previous year. During the year under review, French Petroleum produced a total of 1,114,339 barrels of crude oil and condensate as compared with 1,008,652 barrels in 1966. Natural gas sales totalled 2,041,339 Mcf compared with a total of 1,958,150 Mcf produced and sold by the Company during the

previous year. Equating natural gas production to crude oil and condensate on the basis of 20,000 cubic feet per barrel, your Company's total production for the year amounted to 1,216,406 barrels representing an average of 3,332 barrels per day. This compares with an average of 3,031 barrels per day calculated on the same basis for 1966.



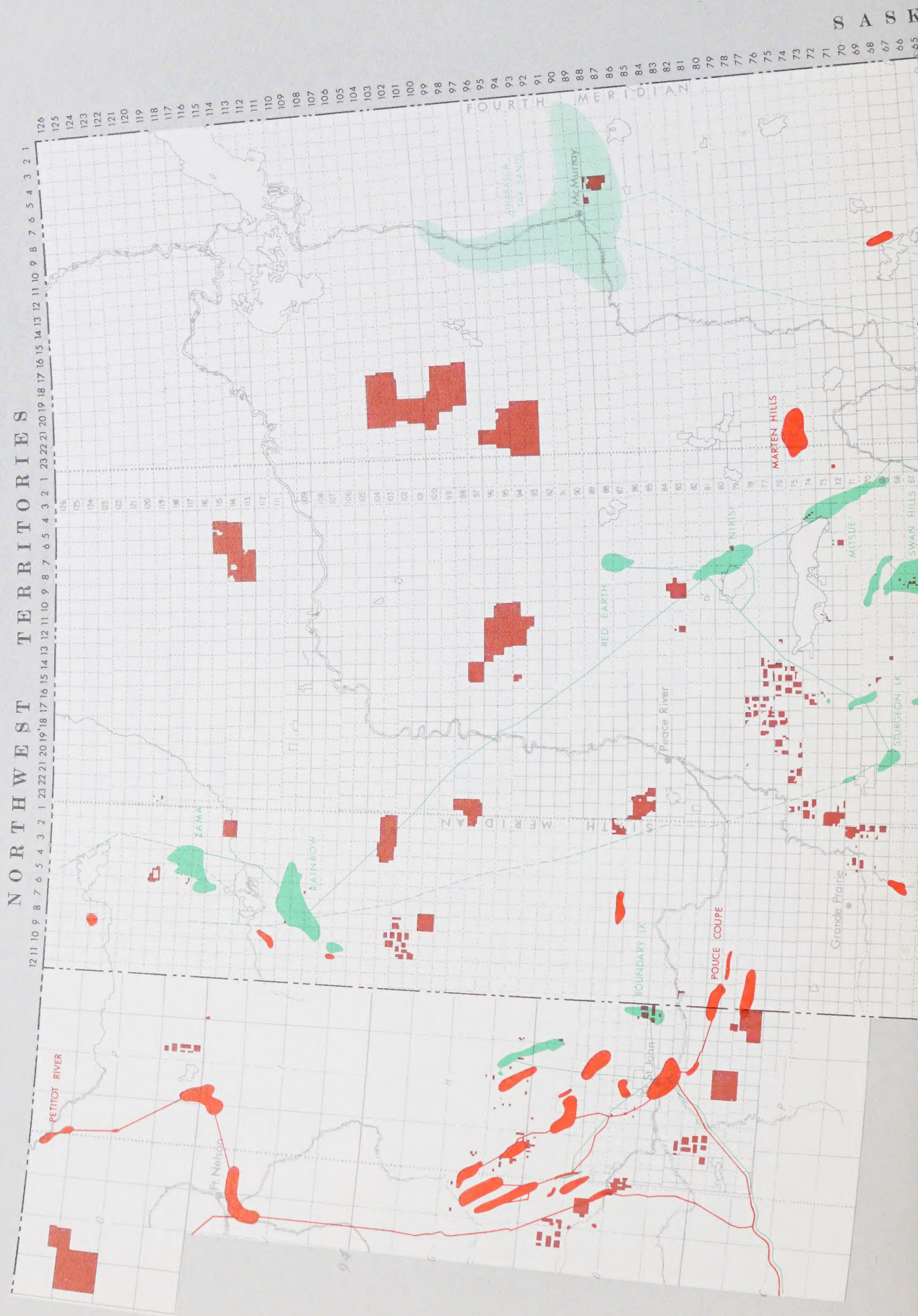
## Financial

Gross income for the year from all sources, after royalty payments, totalled \$2,713,691, an increase of 11% over the equivalent figure for the previous year. After payment of operating and administrative expenses (including expenses of \$100,730 incurred in connection with the rights offering) cash flow from your Company's operations during the year amounted to \$1,877,211 as compared to \$1,739,694 for 1966. Increased expenditures resulting from expanded exploratory operations, together with non-cash write-offs occasioned in connection with sale of the Company's Crossfield Cardium Unit No. 1 interest, have resulted in a decrease in net profit accruing to the Company during 1967 as compared with the previous year. After allowing for depletion, depreciation, and non-cash charges, which in 1967 totalled \$1,218,812 as compared to \$884,263 for 1966, the Company's net profit for the year amounted to \$658,399 compared with the previous year's net profit of \$855,431.

In November of 1967 a Rights Offering was made by your Company in which shareholders were given the right to subscribe for one additional common share for each two shares held as of the record date of November 21, 1967. This Rights Offering, which expired in mid December, proved to be very successful. Of the total 1,855,569 common shares offered at \$5.00 per share, subscriptions were received for 1,835,364 shares, representing approximately 99%. The remaining 1% of the shares not subscribed for during the term of the offer were subsequently taken up by the Company's principal shareholder, Compagnie Francaise des Petroles, in accordance with its undertaking given at the time of the offer. Full subscription was therefore achieved and the total gross proceeds realized from the Rights Offering amounted to \$9,277,845. The receipt of these funds enabled your Company to end the year in a strong financial position with working capital in the amount of \$2,914,586.



NORTHWEST TERRITORIES





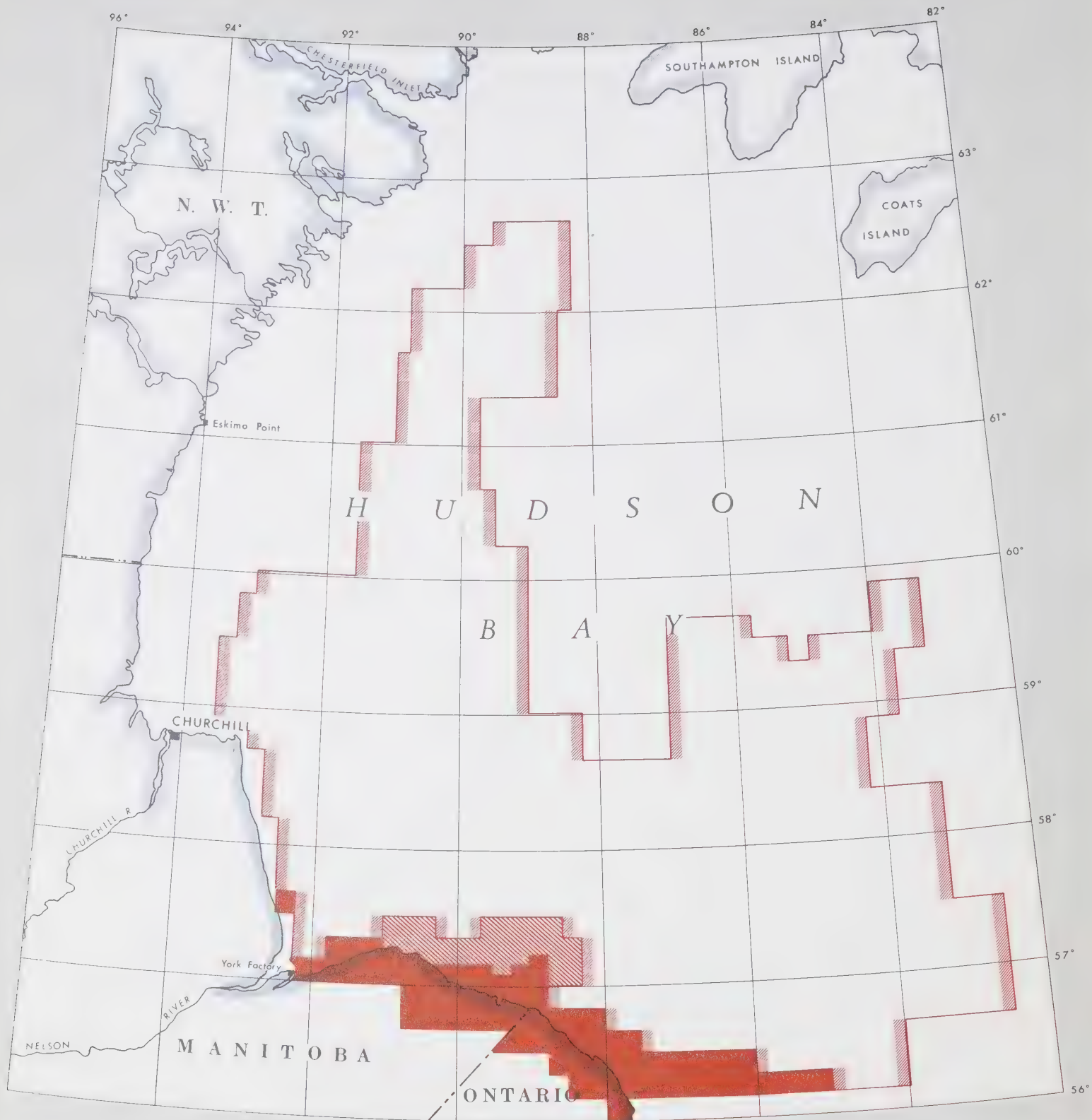


# PROVINCE OF ALBERTA AND N.E. BRITISH COLUMBIA

## REFERENCE

- LAND HOLDINGS OF FRENCH PETROLEUM COMPANY OF CANADA LTD. - DEC. 31, 1967
- OIL PIPELINE
- GAS PIPELINE
- GAS FIELD
- OIL FIELD

U. S. A.



## HUDSON BAY AREA

0 40 80 120 Miles

 OPTION BLOCK IN WHICH FRENCH PETROLEUM IS ENTITLED TO EARN A 12.5 % NET INTEREST

 LAND HOLDINGS AT DEC. 31, 1967 IN WHICH FRENCH PETROLEUM HAS A 12.5 % NET INTEREST

 ACREAGE ACQUIRED IN FEBRUARY 1968 IN WHICH FRENCH PETROLEUM HAS A 12.5 % NET INTEREST



## Auditors' Report

TO THE SHAREHOLDERS OF

FRENCH PETROLEUM COMPANY OF CANADA LTD.

We have examined the consolidated balance sheet of French Petroleum Company of Canada Ltd. and its subsidiary as at December 31, 1967 and the consolidated statements of income and deficit and source and disposition of working capital for the year then ended. Our examination included a general review of the supporting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements **present fairly** the financial position of the companies as at December 31, 1967 and the results of their operations and the source and disposition of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta.  
March 14, 1968.

*PricewaterhouseCo.*  
Chartered Accountants

**FRENCH PETROLEUM COMPANY OF CANADA LTD.**  
*AND SUBSIDIARY COMPANY*

## Consolidated Statement of Income and Deficit

For the year ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Gross revenue from production, less royalties . . . . .	\$ 2,702,812	\$ 2,436,027
Production expenses . . . . .	282,694	287,023
	<u>2,420,118</u>	<u>2,149,004</u>
Investment income . . . . .	10,879	10,433
	<u>2,430,997</u>	<u>2,159,437</u>
Operating departmental expenses . . . . .	182,534	164,803
Administrative and general expenses . . . . .	228,437	225,463
Share issue costs . . . . .	100,730	1,500
Interest expenses . . . . .	42,085	27,977
	<u>553,786</u>	<u>419,743</u>
Net cash income . . . . .	1,877,211	1,739,694
Depletion . . . . .	999,776	761,363
Depreciation . . . . .	135,320	136,509
Loss (profit) on disposal of assets . . . . .	83,716	(13,609)
	<u>1,218,812</u>	<u>884,263</u>
Net income for the year (Note 5) . . . . .	658,399	855,431
Deficit, beginning of year . . . . .	10,175,365	11,030,796
Deficit, end of year . . . . .	<u>\$ 9,516,966</u>	<u>\$10,175,365</u>



**FRENCH PETROLEUM COMPANY OF CANADA LTD.**  
*AND SUBSIDIARY COMPANY*

## Consolidated Statement of Source and Disposition of Working Capital

For the year ended December 31, 1967

(with comparative figures for 1966)

	1967	1966
Source of working capital:		
Net cash income . . . . .	\$ 1,877,211	\$ 1,739,694
Advance from parent company . . . . .	—	500,000
Sale of common shares . . . . .	9,361,883	—
Bank loan . . . . .	—	400,000
Proceeds from sale of producing property . . . . .	325,000	—
	<u>\$11,564,094</u>	<u>\$ 2,639,694</u>
Disposition of working capital:		
Petroleum and natural gas properties—		
Purchase of properties . . . . .	\$ 3,746,731	\$ 751,699
Drilling . . . . .	579,148	786,343
Exploration . . . . .	2,402,786	1,057,873
Lease and reservation rentals . . . . .	440,015	304,685
	<u>7,168,680</u>	<u>2,900,600</u>
Production and other equipment . . . . .	584,939	223,643
Work in progress—net change . . . . .	84,508	(49,790)
Payment of bank loan . . . . .	472,000	72,000
Payment of advance from parent company . . . . .	500,000	—
	<u>8,810,127</u>	<u>3,146,453</u>
Increase (decrease) in working capital during the year . . . . .	2,753,967	(506,759)
Working capital, beginning of the year . . . . .	160,619	667,378
Working capital, end of year . . . . .	<u>\$ 2,914,586</u>	<u>\$ 160,619</u>

# FRENCH PETROLEUM COMPANY

AND SUBSIDIARY COMPANIES

## CONSOLIDATED BALANCE SHEET

(with comparative figures for 1965)

### ASSETS

	1967	1966	
<b>CURRENT ASSETS:</b>			<b>CURRENT ASSETS:</b>
Cash . . . . .	\$ 197,598	\$ 58,041	Cash . . . . .
Securities, at cost (Market value \$1,527,094) . . . . .	1,534,368	12,369	Securities, at cost . . . . .
Accounts receivable . . . . .	616,607	507,084	Accounts receivable . . . . .
Short-term advance to parent company (Note 6) . . . . .	1,089,740	—	Short-term advance to parent company . . . . .
Materials and supplies, at cost . . . . .	8,703	37,021	Materials and supplies, at cost . . . . .
Refundable deposits . . . . .	182,296	180,625	Refundable deposits . . . . .
Other current assets . . . . .	8,001	6,173	Other current assets . . . . .
	<u>3,637,313</u>	<u>801,313</u>	
<b>CAPITAL ASSETS: (Note 2)</b>			<b>CAPITAL ASSETS:</b>
Petroleum and natural gas properties . . . . .	37,423,985	30,507,610	Petroleum and natural gas properties . . . . .
Less—Accumulated depletion . . . . .	(5,655,622)	(4,627,931)	Less—Accumulated depletion . . . . .
Drilling and development in progress . . . . .	129,717	45,208	Drilling and development in progress . . . . .
Production equipment—at cost . . . . .	2,683,320	2,303,102	Production equipment—at cost . . . . .
Less—Accumulated depreciation . . . . .	(1,067,662)	(869,297)	Less—Accumulated depreciation . . . . .
Other capital assets, at cost . . . . .	435,166	363,194	Other capital assets, at cost . . . . .
Less—Accumulated depreciation . . . . .	(114,691)	(181,988)	Less—Accumulated depreciation . . . . .
	<u>33,834,213</u>	<u>27,539,898</u>	
	<u>\$37,471,526</u>	<u>\$28,341,211</u>	

APPROVED

*[Handwritten signature]*




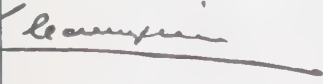
# OF CANADA LTD.

NY

ET at December 31, 1967

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## LIABILITIES AND CAPITAL

	1967	1966
LIABILITIES:		
payable and accrued . . . . .	\$ 722,727	\$ 468,694
instalments of bank loans . . . . .	—	172,000
	<u>722,727</u>	<u>640,694</u>
LIABILITIES:		
ans, secured by an assignment of production, amount due within one year . . . . .	—	472,000
from parent company . . . . .	—	500,000
	<u>—</u>	<u>972,000</u>
OLDERS' OWNERSHIP:		
stock—(Note 3)		
on shares of no par value—		
horized—6,500,000 shares		
ed—5,566,707 shares . . . . .	46,265,765	36,903,882
per statement attached . . . . .	9,516,966	10,175,365
	<u>36,748,799</u>	<u>26,728,517</u>
ON BEHALF OF THE BOARD:		
 Director		
 Director		
	<u>\$37,471,526</u>	<u>\$28,341,211</u>

**FRENCH PETROLEUM COMPANY OF CANADA LTD.**  
*AND SUBSIDIARY COMPANY*

## Notes to Financial Statements

December 31, 1967

**1. CONSOLIDATED FINANCIAL STATEMENTS:**

As at September 1, 1967 the Company purchased for cash the outstanding capital stock of Camerina Oil & Gas Ltd., an Alberta company. The consolidated balance sheet as at December 31, 1967 includes the accounts of the subsidiary company and the consolidated statement of income and deficit for the year then ended includes the results of the subsidiary company's operations from the date of acquisition. On consolidation the cost of the shares over the book value of the net assets of the subsidiary company at acquisition has been added to the cost of petroleum and natural gas properties.

**2. ACCOUNTING POLICY:**

The full cost method of accounting for petroleum and natural gas properties has been followed by the Company since January 1, 1965 and by its subsidiary from the date of acquisition. Under this method all amounts expended with respect to the acquisition, retention, exploration for and development of oil and gas properties including exploration overhead have been capitalized, whether productive or unproductive, as representing the cost of the companies' reserves. Proceeds of disposals ordinarily will be applied in full against such costs.

Provision for depletion has been computed on the unit of production method based upon total costs in relation to overall estimates of proven reserves of oil and gas.

Production equipment has been accounted for separately and depreciated by the straight line method at rates designed to amortize costs over the estimated service life of the assets.

**3. CAPITAL STOCK:**

Changes in issued capital stock during the year are summarized below:

	<i>Number of shares</i>	<i>Amount</i>
Outstanding at December 31, 1966 .....	3,690,388	\$36,903,882
Issued for cash upon exercise of stock options at a price of \$4.05 per share by directors, officers and employees .....	20,750	84,038
	<u>3,711,138</u>	<u>36,987,920</u>
Issued for cash pursuant to an offering of subscription rights to shareholders on the basis of one share at a price of \$5.00 per share for every two shares held .....	1,855,569	9,277,845
Outstanding at December 31, 1967 .....	<u>5,566,707</u>	<u>\$46,265,765</u>

Options to purchase 5,250 common shares of the Company at a price of \$4.05 per share until June 30, 1969 are held by employees, none of whom are directors or officers of the Company.

4. CONTINGENCY:

The Company has issued to and deposited with the Government of Canada an aggregate of \$414,472 of non-interest bearing demand notes to be held as security for the performance of work obligations in respect of certain exploratory rights.

5. INCOME TAXES:

Under Canadian income tax law, oil and gas drilling and exploration expenses, including costs of leases, permits and reservations, all of which are capitalized in the companies' accounts and subsequently depleted by the unit of production method, are deducted in computing income as incurred, or, if such expenditures exceed the income for the year, the excess is carried forward and applied as income becomes available. Such deductions have exceeded income and therefore no income taxes have been exigible. At December 31, 1967 unclaimed drilling and exploration expenditures for tax purposes amounted to approximately \$25,000,000. In addition the companies may claim capital cost allowances on production equipment and other capital assets totalling some \$3,000,000.

6. SHORT-TERM ADVANCE TO PARENT COMPANY:

This advance was made on December 15, 1967 and was repaid in full on March 12, 1968.

7. STATUTORY INFORMATION:

For the year ended December 31, 1967, fees of directors not holding salaried positions amounted to \$6,000 while the total remuneration of directors holding salaried positions amounted to \$61,057.











# FRENCH PETROLEUM COMPANY OF CANADA LTD.

CABLE ADDRESS: CANAFRENCH  
PHONE 269-5531



635 SIXTH AVENUE S.W.  
CALGARY, ALBERTA

AR25

*File*

*pan*

*Mr. Scott*

October 27, 1967.

To the registered Shareholders:

Early in 1967 it was announced that your Company had decided to embark upon an expanded program of exploration activity in western Canada. The initial phases of this program are now well under way and in order to ensure its continued progress your Directors have decided it would be appropriate at this time to arrange for additional financing. Your Company is therefore planning, subject to market and other conditions, to offer to holders of its common shares the right to subscribe for additional common shares.

It is expected that this offering will result in your Company raising approximately \$9,000,000 which, together with the anticipated normal increases in cash flow from the Company's operations, will enable your Company to continue to implement its expansion plans. Compagnie Française des Pétroles, S.A., of Paris, France, the holder of 58.98% of the outstanding shares of your Company has informed your Company that it will exercise the rights to which it is entitled and in addition thereto will subscribe for, at the subscription price, all shares not taken up pursuant to the proposed rights offering.

The price at which the additional shares will be offered will depend upon market conditions at the time that the offering is made. While the terms of the offering have not yet been fixed, it was felt that the Company's shareholders should have advance notice of this proposal. It is anticipated that a letter containing full details of the proposed rights offering will be mailed to each registered shareholder around the middle of November and shortly thereafter each registered shareholder entitled thereto will receive a transferable subscription warrant evidencing his subscription rights. It is expected that the rights offering will expire on or about December 15, 1967.

Brokers and dealers should encourage shareholders whose certificates are in bearer form or street name to take immediate steps to have them registered in their own name so as to facilitate the prompt receipt of further information in connection with the proposed rights offering.

Yours very truly,

FRENCH PETROLEUM COMPANY OF CANADA LTD.

*W. J. Hamilton*

President.

# FRENCH PETROLEUM COMPANY OF CANADA LTD.

CABLE ADDRESS: CANAFRENCH  
PHONE 269-5531



635 SIXTH AVENUE S.W.  
CALGARY, ALBERTA

le 27 octobre 1967.

Aux actionnaires nominatifs,

Au début de 1967, il a été annoncé la décision de votre compagnie d'entreprendre un programme d'exploration plus important dans l'Ouest canadien. La phase initiale de ce programme est en cours de réalisation et afin d'en assurer la progression continue, votre conseil d'administration a estimé que les circonstances actuelles étaient convenables pour obtenir des fonds additionnels. Votre compagnie projette donc d'offrir, sous réserve des conditions du marché et autres, aux détenteurs de ses actions ordinaires le droit de souscrire à des actions ordinaires nouvelles.

Il est estimé que cette offre permettra à votre compagnie d'obtenir environ \$9,000,000 qui, ajoutés aux augmentations normales prévues des recettes nettes d'exploitation avant amortissement (cash flow), lui donneront les moyens de poursuivre l'exécution de son nouveau programme. La Compagnie Française des Pétroles, S.A., de Paris, France, qui détient 58.98% des actions en cours de votre compagnie, a avisé cette dernière qu'elle souscrira aux actions additionnelles auxquelles elle a droit ainsi qu'aux actions qui n'auront pas été souscrites par les autres actionnaires en vertu de l'offre et ce, au prix de l'offre.

Le prix auquel les actions nouvelles seront offertes dépendra des conditions du marché au moment où l'offre sera faite. Bien que les conditions de l'offre n'aient pas encore été arrêtées, nous avons cru bon que les actionnaires de la compagnie soient avisés à l'avance de ce projet. Il est prévu qu'une lettre donnant les détails complets de l'offre sera envoyée à chaque actionnaire nominatif vers le milieu du mois de novembre et quelques jours après, chaque actionnaire, qui y a droit, recevra un certificat transférable attestant ses droits de souscription. Il est prévu que l'offre expirera vers le 15 décembre 1967.

Les courtiers et agents en valeurs mobilières devraient encourager les actionnaires dont les certificats sont présentement au porteur ou immatriculés au nom de courtiers ou agents de prendre les dispositions nécessaires pour les faire immatriculer en leur nom. Il leur sera alors plus facile de recevoir promptement tous les renseignements relatifs à cette offre de droits de souscription.

Votre tout dévoué,

FRENCH PETROLEUM COMPANY OF CANADA LTD.

Le Président,